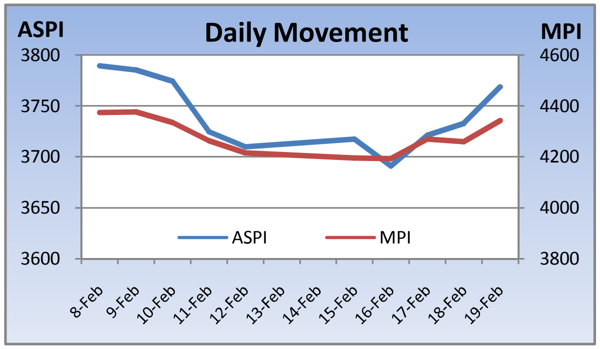
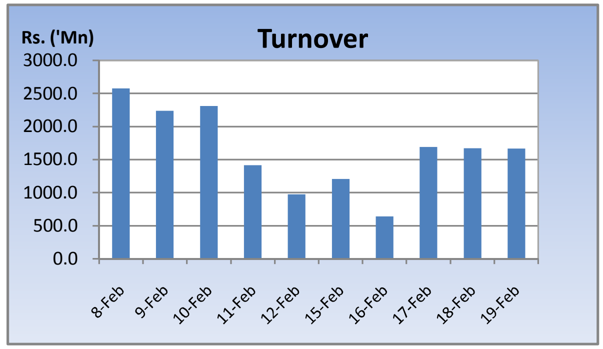
Weekly Market Update

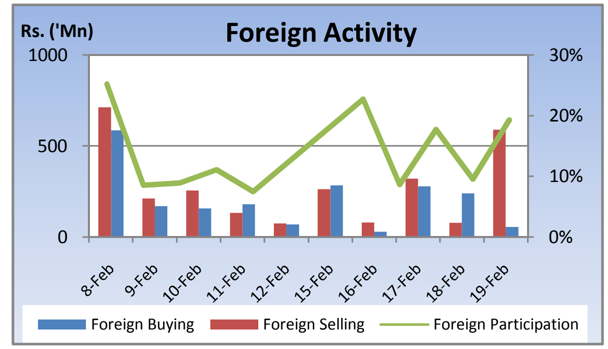
Week Ending: February 19th, 2010

CAPITAL ALLIANCE

The preferred partner in Capital Markets







Market Statistics	Current	Previous	Change
ASPI	3768.81	3709.97	1.59%
MPI	4343.04	4215.89	3.02%
MARKET CAP. (Rs. 'Bn)	1214.36	1195.37	1.59%
MARKET PER(x)	18.41	18.12	1.60%
MARKET PBV(x)	1.86	1.83	1.64%
Average Daily			
TURNOVER	1375.46	1903.48	-27.7%
VOLUME	39.28	70.12	-44.0%
FOREIGN PURCHASES	178.23	233.43	-23.6%
FOREIGN SALES	266.83	278.15	-4.1%
NET FOREIGN	-88.60	-44.71	-98.2%
FOREIGN PARTICIPATION	16.2%	13.4%	20.4%
Sector Summary			
TRADING	8,640.56	7,851.73	10.05%
CONSTRUCTION AND ENGI	4,396.11	4,012.77	9.55%
STORES AND SUPPLIES	13,593.51	12,463.94	9.06%
INVESTMENT TRUSTS	34,594.89	32,066.91	7.88%
INFORMATION TECHNOLO(	85.44	79.48	7.50%
LAND AND PROPERTY	373.81	371.53	0.61%
HOTELS AND TRAVELS	3,403.07	3,388.78	0.42%
HEALTH CARE	409.50	411.55	-0.50%
BEVERAGE FOOD AND TOB.	6,200.67	6,249.28	-0.78%
POWER AND ENERGY	87.98	89.24	-1.41%

Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
FORT LAND	35.00	68.00	94.29%	71.50	36.75	4,744,300	252,263,415
SINGALANKA	96.00	140.00	45.83%	140.00	140.00	100	14,000
E B CREASY	228.00	330.00	44.74%	337.50	245.00	26,200	8,248,300
CENTRAL IND.	172.75	230.00	33.14%	250.00	174.00	675,000	155,190,144
MTD WALKERS	331.00	438.25	32.40%	459.00	315.00	89,500	36,695,009
Top 5 Losers							
FIRST CAPITAL	93.00	62.00	-33.33%	94.00	60.00	765,500	62,472,883
EASTERN MERCHANT	220.00	151.00	-31.36%	151.00	151.00	100	15,100
TEA SERVICES	449.75	400.00	-11.06%	400.00	400.00	200	80,850
PEOPLE'S L FIN	40.50	36.25	-10.49%	36.25	35.25	700	26,463
UDAPUSSELLAWA	33.75	30.50	-9.63%	34.25	30.00	9,800	308,225
Top 5 by Turnover							
ENVI. RESOURCES	207.00	239.25	15.58%	270.00	187.00	3,254,300	749,208,693
C.W.MACKIE	33.50	40.50	20.90%	43.25	33.25	14,206,675	513,593,264
JKH	162.50	170.00	4.62%	171.50	163.50	2,189,300	367,892,305
SAMPATH	215.75	229.00	6.14%	230.00	210.00	1,646,000	361,509,224
KSHATRIYA HOLD.	11.25	11.50	2.22%	12.75	11.50	22,447,300	270,125,490
Top 5 by Volume							
SIERRA CABL	2.30	2.40	4.35%	2.60	2.10	25,586,300	61,554,083
KSHATRIYA HOLD.	11.25	11.50	2.22%	12.75	11.50	22,447,300	270,125,490
C.W.MACKIE	33.50	40.50	20.90%	43.25	33.25	14,206,675	513,593,264
PIRAMAL GLASS	2.30	2.40	4.35%	2.60	2.20	9,782,400	23,903,474
MULLERS	1.10	1.30	18.18%	1.40	1.10	7,790,400	10,049,670

Market Review

Crossings C W Mackie dominated the week's trading with Lankem Ceylon gaining controlling interest in the company while renewed interest in the big cap counters and selected buying in counters which had a strong earnings backing was observed. Heavy trading activity in Env. Resources continued during this week as well. The benchmark ASPI gained 58.84 points or 1.59% week on week while the more sensitive MPI reported a week on week gained of 127.15 points or 3.02%.

Compared to previous week's closing levels the market gained Rs.19 billion approximately or 1.59% in value this week to close at Rs.1214.36 Bn on Friday.

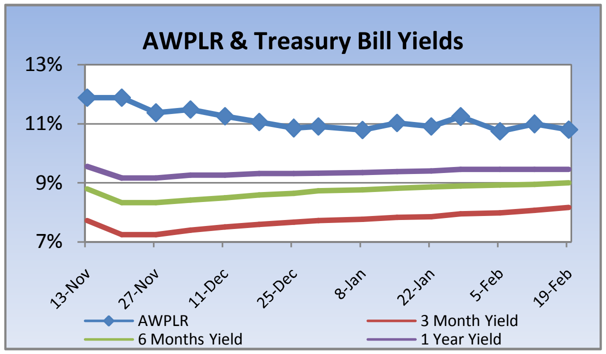
Total market turnover for the week amounted to Rs.6.9 Bn with an average daily turnover of Rs.1.3Bn. Turnover for the week witnessed 28% decrease compared to the last week's market turnover of Rs.9.5 Bn.

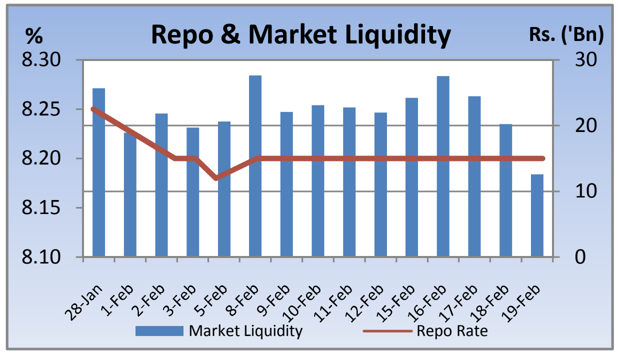
Heavily traded shares of the week under review were Sierra Cables and Kshatriya Holdings with the former being highest in terms of volume for the week, trading over 26m shares. The counter gained 4% during the week in value on a Week on Week basis. Env. Resources and C.W.Mackie contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.749m.

FII participation declined to 16.2% of total turnover this week, from 13.4% reported last week. FII interest was negative during the week with a net outflow of Rs.443m, a 98% decrease compared to last week's net outflow of Rs.223m.

Ceylon Tea Brokers IPO was announced to be over-subcribed on the 16th February 2010 with applications over 10.5 times the raising amount.

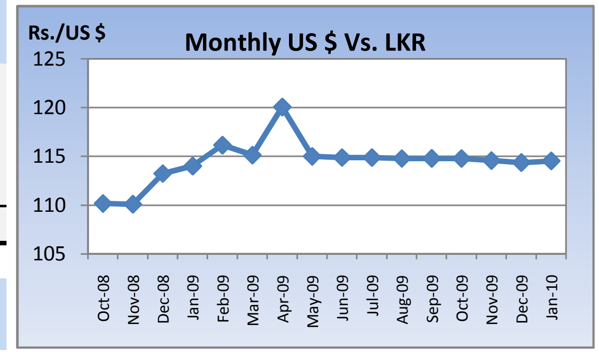
Company	Price	P/BV	PER 10E	PER 11E
BANKING				
COMMERCIAL BANK	190.00	1.68	11.49	10.75
DFCC	177.00	1.18	9.88	10.14
HNB	179.75	1.70	13.61	12.09
NDB	218.00	1.30	8.56	9.71
NTB	37.50	1.37	8.96	7.11
SAMPATH BANK	229.00	1.32	8.60	7.64
BEVERAGE, FOOD & TOBACCO				
CTC	239.50	14.22	10.90	9.28
DISTILLERIES	117.00	1.48	12.36	10.54
CHEMICALS & PHARMACEUTICALS				
CIC	65.25	1.25	10.29	9.78
CONSTRUCTION & ENGINEERING				
DOCKYARD	315.00	3.68	9.99	8.69
DIVERSIFIED HOLDINGS				
AITKEN SPENCE	1,299.75	1.94	16.29	13.43
CARSONS	556.25	2.82	14.80	13.47
HAYLEYS	209.00	1.20	15.71	18.40
HEMAS HOLDINGS	120.00	1.64	15.07	14.26
JOHN KEELLS HOLDINGS	170.00	2.22	31.94	24.07
HOTELS & TRAVELS				
AITKEN SPENCE HOTEL HOLDINGS	395.50	3.32	22.29	15.17
ASIAN HOTELS AND PROPERTIES	118.00	2.19	40.95	18.81
KEELLS HOTELS	30.00	4.82	68.11	38.14
MANUFACTURING				
ACL CABLES	78.75	1.27	13.67	11.37
CHEVRON LUBRICANTS	159.75	6.73	15.08	13.66
LANKA TILES	74.00	1.84	9.91	7.34
ROYAL CERAMICS	97.75	1.62	6.17	5.14
TOKYO CEMENT	30.00	0.15	1.38	0.74
PLANTATIONS				
AGALAWATTE	30.25	1.48	8.13	9.91
KEGALLE	49.00	0.91	4.98	3.97
KELANI VALLEY	56.75	1.40	5.83	4.80
POWER & ENERGY				
LANKA IOC	18.75	1.30	24.96	22.19
TELECOMMUNICATIONS				
DIALOG	7.25	1.95	(53.58)	23.73





Currency Board

	Current	Previous	Change
USD EXCHANGE RATE			
- AVERAGE MIDDLE RATE	114.42	114.64	-0.19%
- FORWARD 1 MONTH	114.94	115.24	-0.26%
- FORWARD 3 MONTHS	115.82	116.10	-0.24%
BRITISH POUND	176.64	179.93	-1.83%
EURO	154.36	156.83	-1.57%
JAPANESE YEN	1.25	1.28	-2.56%
INDIAN RUPEE	2.49	2.48	0.13%
AUSTRALIAN DOLLAR	102.02	101.95	0.07%
SINGAPORE DOLLAR	80.90	81.16	-0.32%



Treasury Bill Auction

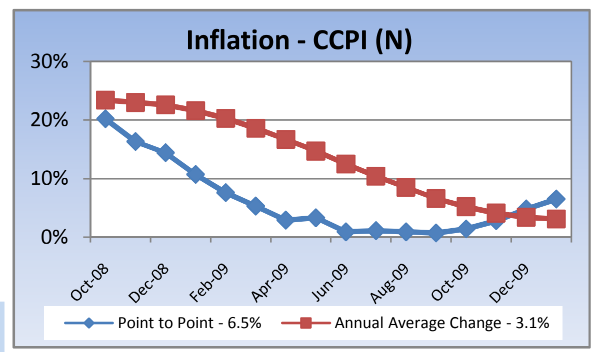
Maturity	Weighted Average Yield Current Week	Weighted Average Yield Previous Week	Weighted Average Yield Change Basis Points	Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
3 MONTHS	8.17%	8.07%	10.00	3,000	5,370	4,395
6 MONTHS	9.00%	8.95%	5.00	3,500	8,405	5,939
12 MONTHS	9.46%	9.46%	0.00	5,500	7,669	1,127
				12,000	**21,444**	**11,461**

Interest Rates

		Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]		10.80	10.99	19.18
OVERNIGHT RATE ON REPURCHASE AGREEMENTS		7.50	7.50	10.25
SRI LANKA INTER BANK OFFER RATE [SLIBOR]	- OVERNIGHT	9.01	8.95	13.01
	- 7 DAYS	9.25	9.25	14.25
	- 1 MONTH	9.45	9.50	15.29
	- 3 MONTHS	9.61	9.72	16.35
	- 6 MONTHS	9.86	9.98	17.23
	- 1 YEAR	10.15	10.23	18.08

	January 2010	Month Ago	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	7.73	8.01	11.74
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	10.46	10.91	16.92

Inflation



Point to Point - 6.5%

Annual Average Change - 3.1%

Tea Market

Colombo Tea Auction

SALES (kg)	Current Sale 07-2010	Previous Sale 06-2010	Change	Year to date 2010	Year to date 2009	Change
HIGH GROWN	1,380,979	1,261,624	9.46%	9,381,596	8,379,051	11.96%
MEDIUM GROWN	895,260	837,123	6.94%	6,870,705	6,225,640	10.36%
LOW GROWN	4,132,040	4,100,264	0.77%	29,190,820	24,781,768	17.79%
TOTAL	**6,408,279**	**6,199,011**	**3.38%**	**45,443,121**	**39,386,459**	**15.38%**

PRICES (Rs./kg)	2009	Dec-09	Jan-10	Sale 07-2010	Sale 06-2010	Change
HIGH GROWN	321.28	373.51	378.77	364.08	370.35	-1.69%
MEDIUM GROWN	316.79	343.16	354.84	356.84	351.30	1.58%
LOW GROWN	388.44	381.81	401.89	396.19	395.30	0.23%
TOTAL	**362.70**	**373.50**	**389.77**	**383.77**	**384.28**	**-0.13%**

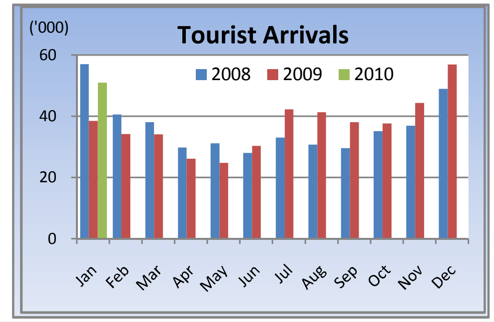
PRODUCTION (kg) BY ELEVATION	December 2009	December 2008	Change	Year to date 2009	Year to date 2008	Change
HIGH GROWN	5,917,943	5,396,974	9.65%	72,303,567	84,407,202	-14.34%
MEDIUM GROWN	3,242,651	2,537,040	27.81%	44,316,648	49,013,454	-9.58%
LOW GROWN	16,035,139	11,514,435	39.26%	173,157,734	185,276,798	-6.54%
TOTAL	**25,195,732**	**19,448,448**	**29.55%**	**289,777,949**	**318,697,454**	**-9.07%**

PRODUCTION (kg) BY CATEGORY	December 2009	December 2008	Change	Year to date 2009	Year to date 2008	Change
ORTHODOX	23,895,566	17,950,202	33.12%	271,879,004	298,949,958	-9.06%
CTC	1,141,459	1,366,855	-16.49%	15,593,425	16,532,846	-5.68%
TOTAL BLACK TEA	**25,037,025**	**19,317,057**	**29.61%**	**287,472,429**	**315,482,804**	**-8.88%**
GREEN TEA	158,707	131,391	20.79%	2,305,520	3,214,650	-28.28%
TOTAL	**25,195,732**	**19,448,448**	**29.55%**	**289,777,949**	**318,697,454**	**-9.07%**

ANALYSIS OF TOTAL TEA PRODUCTION	December 2009	Year to date 2009
HIGH GROWN	23.49%	24.95%
MEDIUM GROWN	12.87%	15.29%
LOW GROWN	63.64%	59.76%
	100.00%	**100.00%**
CTC AS A % OF BLACK TEA PRODDUCTION	4.56%	5.42%

Tourism

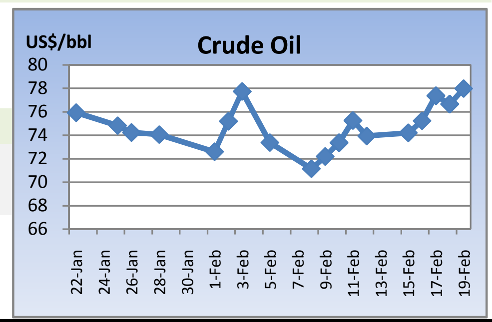
SRI LANKA			
ARRIVALS	2010	2009	Change
January	50,757	38,468	31.95%
Year to date	50,757	38,468	31.95%
	Nov-09	Nov-08	Change
Occupancy	57.4%	45.5%	26.15%
Foreign Guest Night	267,874	221,049	21.18%



Crude Oil

NYMEX CRUDE OIL FUTURES

	19-Feb	12-Feb	Change
US$/BBL	77.98	73.93	5.48%



CAPITAL ALLIANCE

The preferred partner in Capital Markets

Equity

CEO - Securities

Harinlal Aturupane: *+94 11 231 7760*

Colombo

Dilruk A. Fernando	*+94 777 721 483*
Janaka Palapathwala:	*+94 770 592 243*
Lakshan Algama Perera:	*+94 777 447 407*
Chanaka Sanoj:	*+94 773 850 227*
Milanka Induruwage:	*+94 777 261 893*
Buddhenia Narangoda:	*+94 777 453 640*
Ifadh Marikar:	*+94 772 962 567*

Matara

Inok Wijesuriya:	*+94 41 439 0610*
Mahi Liyanage:	*+94 772 962 557*
Viraj Nanawatte:	*+94 772 962 541*
Kithsiri Jayasinghe:	*+94 777 790 657*

Jaffna

B. Mugundan: *+94 21 459 1111*

Negombo

T. Dananjaya: *+94 773 593 016*
Nihal Fernando: *+94 773 286 895*

Kurunegala

Indunil Pradeep: *+94 773 741 552*
P. R. Chandrasena: *+94 773 837 325*

Galle

Isuru Jayawardena: *+94 773 576092*

Government Securities

K. H. R. Thilakarathna:	*+94 11 231 7752*
W. A. Susantha:	*+94 11 231 7757*
Dumindu Silva:	*+94 11 231 7753*

Research

Dimantha Mathew: *+94 777 345 679*

Head Office

5th Floor, Millennium House,
No.46/58, Nawam Mawatha,
Colombo 2, Sri Lanka

General:	+94 11 2317777
Fax:	+94 11 2317788
Email:	info@capitalalliance.lk
Website:	www.capitalalliance.lk

Branches

Matara

No.38, Station Road,
Matara
Tel: +94 41 4390610
Fax: +94 41 4390611

Jaffna

Laxan Plaza,
No.356B, Kasthuriar Road,
Jaffna
Tel: +94 21 4591111
Fax: +94 21 4591111

Kurunegala

No.6, Rajapihilla Road,
1st Floor, Kurunegala
Tel: +94 37 2222034
Fax: +94 37 2222035

Negombo

Jude City Building,
No.142, Greens Road, Negombo
Tel: +94 31 2227843/4
Fax: +94 31 2227843

Galle

No.30, Sri Devamitta Mawatha,
Galle
Tel: +94 91 2227631/2
Fax: +94 91 2227632